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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

PUBLIC UTILITIES
COMMISSION

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----- In the Matter of -----)	PUC Docket No. 2008-0273
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PUBLIC UTILITIES COMMISSION)	
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Instituting a Proceeding to Investigate the)	
Implementation of Feed-in Tariffs)	
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HAWAII RENEWABLE ENERGY ALLIANCE'S COMMENTS

REGARDING

HECO'S PROPOSED CONCEPTUAL FRAMEWORK

FOR

RELIABILITY STANDARDS WORKING GROUP

AND

CERTIFICATE OF SERVICE

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I. INTRODUCTION

Hawaiian Electric Company Inc. ("HECO") filed a response on February 26, 2010 to the Commission in response to the Commission's letter, dated February 19, 2010. In its letter, the Commission requested that HECO "further elaborate on their deferment proposals, including how and when will appropriate mitigation measures be identified and deployed, on their proposal to 'conven[e] a Reliability Standards Working Group' by February 26, 2010. Per the Commission's order, filed on March 11, 2010, the Hawaii Renewable Energy Alliance ("HREA") hereby respectfully submits its comments on the Reliability Standards Working Group.

By way of introduction, HREA has prepared the attached chart, entitled "Short-Term Strategies - Up to 5 years; Expand Renewable DG without Significantly Impacting Utility Operating & Existing Renewable Projects." HREA provides a discussion of existing and potential strategic components (such as net metering, feed-in tariffs, the proposed reliability standards working group, Rule 14H, IRP and a proposed new docket on grid operation issues and advanced operating strategies). For each strategic component, potential regulatory actions are presented and discussed with "pro" and "con" arguments. In addition, for each "con" argument, potential mitigation measures are noted. Note this discussion is not meant to be all inclusive, but is indicative of the "state of affairs" today in HREA's view. It is hoped that this summary, as well as our comments below, will encourage additional discussion as the stakeholders seek consensus on the FiT docket and related matters.

II. DISCUSSION – HECO’S PROPOSED FRAMEWORK FOR RELIABILITY STANDARDS WORKING GROUP

After reviewing HECO’s Proposed Framework for Reliability Standards Working Group (“RSWG”), HREA has concerns as to whether the RSWG is the appropriate mechanism at time for resolving “reliability standards.” In our view, “reliability standards” is not the real issue. Albeit it important, and we should work to define reliability and the standard with which we should hold our utilities to, HREA believes we should focus on the immediate grid interconnection and operational issues. As noted in the attached chart, resolution of grid interconnection and operational issues affects a number of strategic components (“pieces to the puzzle,” if you will), as we seek to meet our RPS and HCEI objectives. Or stated the other way around, in order to facilitate the increased use of renewables we need to resolve grid interconnection and operational issues. And, coincidentally, in doing so, we will increase overall system reliability.

Thus, as we reviewed the RSWG, we asked ourselves is HECO’s proposal going to help us resolve the interconnection issues associated with net metering, feed-in tariffs, Rule 14H and IRP? We are not sure. It could, but much more discussion is required to understand the scope of work, and we believe it is much broader and more comprehensive than presented by HECO. Given that, a broader spectrum of stakeholders should be involved.

Need for a New Docket. We believe the time has come for a new docket to approach the grid interconnection and operational issues “head-on.” We say this because we are interested in achieving 100% clean energy on each of islands. However, we are not going to achieve 50% or 70% as interim goals without a “full-on” approach that considers all viable technical solutions for each of our islands. Finally, in our view, the grids have to become more robust and capable of 100%, “on-island,” clean-energy capable regardless of whether there is a cable system or some other energy transfer mechanism deployed.

The new docket would include investigation of all relevant interconnection and operational issues, and result in a new "grid code" that would facilitate all existing and potential renewable procurement methods. Thus, the scope of this docket is such that it far exceeds the RSWG as proposed, and moreover, a new docket allows for additional stakeholders to file motions to intervene.

Is there value in the RSWG? We believe there could be, if the RSWG is structured and implemented to focus on near-term issues that are before us. Specifically, we would recommend the following for consideration by the Commission:

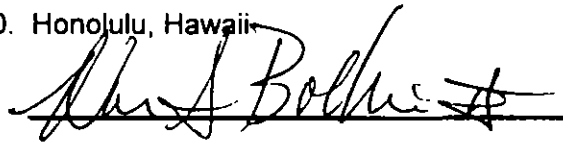
1. Approval of the implementation of Tier 1 and Tier 2 as soon as possible, based on the merits of the FiT docket record;
2. Approval of the implementation of Tier 3, subject to the remaining steps and activities identified in the FiT docket;
3. Implementation of Net Metering as recommended by HREA and HSEA in our June 30, 2009 filing on the Net Metering docket, i.e., subject to review and approval, our recommendations were to replace the system CAP criteria initially with the 15% initial circuit penetration criteria, and increasing the customer-generator size limits to equal those established on the FiT;
4. Given the above, we would consider a RSWG structured to facilitate Net Metering and the near-term FiT implementation. In this regard, we would consider a structure that includes:
 - a. Shared decision-making power regarding all RSWG business, including selection of an Independent Facilitator ("IF") candidates. This sharing could be accomplished by HECO and industry RSWG Co-Chairs,
 - b. The IF would be there to facilitate, and not act as a decision-maker. The IF would be selected by and report to the Commission, and be paid by HECO,

- c. The RSWG's scope of work would focus on monitoring the implementation of Net Metering and FiT, and designing and implementing advanced operational strategies and ancillary service technologies, such as batteries, on a pilot-project, expedited basis,
- d. The RSWG would seek outside independent, analytical support,
- e. The results of the RSWG would inform the Net Metering, FiT, Rule 14H, IRP and New dockets, and
- f. If consensus can not be reached among HECO, industry and other stakeholders on specific business, the IF would bring the situation to the Commission for resolution.

HREA looks forward to all responses to our comments.

<This concludes our comments for now>

DATED: March 15, 2010. Honolulu, Hawaii

A handwritten signature in black ink, appearing to read "Amy J. Bolhuis", is written over a horizontal line.

Short-Term Strategies - Up to 5 years
Expand Renewable DG without Significantly Impacting Utility Operating & Existing Renewable Projects

Existing/Potential Components	Regulatory Options	Discussion – Pros	Discussion – Cons (Mitigation)
Net Metering <i>Note: Commission decision pending on proposed NM implementation plans, one from HECO and one from HREA/HSEA</i>	Continue NM with 15% criteria without system limits and possibly without CG limits; look for expansion to 30% on selected circuits	<ol style="list-style-type: none"> 1. Encourages increased customer choice and competition 2. NM implementation plan does not have to specify or limit system penetration 3. Maintains implementation momentum in support of RPS and HCEI. 	<ol style="list-style-type: none"> 1. Some CG-owners may wish to install CGs greater than 100 kW (allow waivers by request) 2. IRS costs may limit number of projects (utility could IRS costs) 3. Benefits/costs have not been quantified (conduct independent study)
Feed-In Tariffs <i>Note: Proceed immediately with Tier 1 and 2; Tier 3 later in 2010.</i>	Implement FiT pilot program with Commission-approved island MW caps; evaluate options for full FiT program implementation	<ol style="list-style-type: none"> 1. Does not require further deliberation on interconnection issues 2. Supports RPS and HCEI 3. Provides for comparison of FiT with NM 	<ol style="list-style-type: none"> 1. There is some uncertainty regarding grid integrity on Hawaii and Maui: <ul style="list-style-type: none"> • (curtail as necessary, and pay for curtailment, i.e., existing projects should not suffer as we strive to expand DG) • (implement experimental ancillary service measures)
Reliability Standards Working Group – Proposed by HECO <i>Note: this could be effective in short-term to support FiT, NM and Rule 14H, so that implementation can proceed as quickly as possible.</i>	Proposed by HECO as a “stand-alone” process to address “Reliability Standards, including studies to evaluate solutions to current FiT interconnection issues	<ol style="list-style-type: none"> 1. Initiates a potential collaborative process 2. Could allow for quickest analysis and potential agreement, informing FiT, NM, Rule 14H, IRP and New Docket (see below) 3. Could also pave the way for future collaborative efforts with independent analysis 	<ol style="list-style-type: none"> 1. There are stakeholder concerns, this will be another advisory group without legal standing and a prolonged timeline and lack of progress, (stakeholders should be given equal say in process) 2. The proposed approach needs further discussion. The proposed scope suggests broader, open participation and that is note proposed (if implemented, the RSWG should focus on near-term FiT/NM implementation)

Short-Term Strategies - Up to 5 years
Expand Renewable DG without Significantly Impacting Utility Operating & Existing Renewable Projects

<p>Rule 14H</p> <p><i>Note: Rule 14H can inform FiT and other dockets, but should not delay FiT Pilot Program implementation</i></p>	<p>Refine interconnection requirements and define/implement experimental ancillary service measures</p>	<ol style="list-style-type: none"> 1. Deploy new dispatch approaches 2. Deploy utility battery storage for peak shaving, voltage support and frequency regulation 	<ol style="list-style-type: none"> 1. May increase utility operation costs (monitor to determine costs; allow cost recovery) 2. May take too long to specify and implement battery storage (consider emergency/expedited bidding process; allow cost recovery as part of pilot implementation of new operational strategies)
<p>IRP</p> <p><i>Note: will likely NOT impact short-term goals, but should be center-piece for all future evaluation and implementation of clean energy options</i></p>	<p>Develop analytical framework and evaluation of HCEI and other alternatives; initiate specific IRPs as soon as possible</p>	<ol style="list-style-type: none"> 1. Design and implement independent analytical capability 2. Focus on scenarios for achieving HCEI objectives with/without cable system 	<ol style="list-style-type: none"> 1. Will add costs, if utility conducts parallel process (allow cost recovery of all analysis) 2. Will add costs as the number of strategies and scenarios will likely increase (closely coordinate IRP advisory group activities with related dockets, such as NM, FiT, Rule 14H and new docket)
<p>Proposed New Docket – Investigation of Grid Operation Issues and Advanced Operating Strategies</p> <p><i>Note: a new docket would have distinct advantages over the proposed Reliability Standards Working Group, and would support IRP and related dockets, such as NM, FiT and Rule 14H</i></p>	<p>Provide short- and long-term independent analysis, evaluation, recommendations and guidance for all other dockets and specific IRPs</p>	<ol style="list-style-type: none"> 1. Build on Reliability Standards Working Group, (if implemented and Rule 14H and related processes. 2. Maintain support for short-term goals and activities, while developing and implementing a “grid code” for the future. 	<ol style="list-style-type: none"> 1. Some may view this as unnecessary, given the proposed RSWG (as noted above, the RSWG may only have a short-term, focused scope of work to support implementation of NM and FiT) 2. Would add cost (allow cost recovery, as we need to do adequate planning that is open and transparent)

CERTIFICATE OF SERVICE

The foregoing "Comments" were served on the date of filing by Hand Delivery or electronically transmitted to each such Party as follows.

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DATED: Honolulu, Hawaii, March 15, 2010